

Remarks

Claims 1-2 remain pending in this application. In view of the following remarks, Applicant respectfully requests reconsideration of the claim rejections and allowance of the Application.

Claim Rejections under 35 U.S.C. §103(a)

Claims 1-2 stand rejected under 35 U.S.C. § 103(a) as allegedly being unpatentable over Maggioncalda et al. (U.S. Patent No. 5,918,217) ["Maggioncalda"] in view of Young et al. (U.S. Patent No. 6,393,409) ["Young"]. The Applicant respectfully disagrees with the Examiner's characterization of these references vis-à-vis the claims at issue.

In in discussing Maggioncalda in the Office action, page 4, the Examiner contends that "trading one share of a mutual fund is akin to trading a portfolio containing each of the underlying securities of the fund." The Examiner further states on page 4 "when a user purchases a share of the mutual fund, then it becomes directly owned by the investor and is obviously market tradable because that's how the fund was able to be purchased in the first place."

However, the Applicant respectfully disagrees with the Examiner's characterization of mutual funds disclosed in Maggioncalda. Mutual fund shares are not market tradable since these funds may only be purchased from or sold to the fund itself, at a price determined by the fund, and cannot be purchased or sold on a market.

Similarly, the underlying assets of the mutual fund are not directly owned by the investor, and thus the investor merely owns a single asset – a mutual fund share

However, as argued in the prior response, and as set forth in the specification in great detail, owning shares of a mutual fund provides significant differences to the investor than owning a share of stock. See ¶¶0004-0021 of the specification. For example, one can control taxable events when owning a stock, but cannot when owning a mutual fund as gains and losses are distributed to mutual fund shareholders from trading by the managers of the mutual fund. Thus, even by simply holding shares of a mutual fund one can be assessed taxable capital gains or losses, which cannot occur if one simply holds shares of stock.

In addition to the inability to manage and control tax effects, further examples (as described in the specification) of the benefits of the present invention over mutual funds include:

- select securities or monitor selection of securities
- exercise shareholder rights or rights regarding reinvestment or distributions
- modify or control costs
- make intra day modifications
- monitor and control risk levels and "styles" of investing
- switch fund families or funds without consequences
- manage multiple investments as a whole

See *id.* Thus, for example, owning stock entails the owner the right to vote the stock, whereas mutual funds do not enable their shareholders to vote any stocks held by the mutual fund.

Claim 1 recites that the market tradable instruments are directly owned by the user, which is contrary to mutual fund shares, where the fund shares owned by the investor are not market-tradable and the underlying assets of the mutual fund are not directly owned by the investor. This direct ownership provides, *e.g.*, the aforementioned tax advantages and voting rights absent from mutual fund ownership.

For at least the reasons discussed above, Applicant respectfully submits that the teachings of Maggioncalda do not meet the limitations of claim 1 (and dependent claim 2) and, thus, the rejection should be withdrawn.

Young fails to cure the foregoing deficiencies of Maggioncalda and, accordingly, the cited references Maggioncalda and Young, either alone or in combination, do not teach all of the limitations of claims 1-2.

Furthermore, the Examiner acknowledges that Maggioncalda does not disclose "providing a graphical user interface to enable the investor to transmit over a computer network a single trading order to purchase an entire risk adjusted portfolio including a plurality of selected market tradable investments to be directly owned by the investor." However, the Examiner contends that Young teaches this element, quoting Col. 1 lines 10-45. Applicant respectfully disagrees.

The quoted discussion in Young does not disclose the same portfolio trading order as recited in the claims and described in the specification of the present application. The quotation from Young states that "the investor provides a statistical description of the portfolio, ..., the sector distribution of the portfolio, and a measure of the diversification of the portfolio. The broker then commits to trade the portfolio of unknown stocks for a fixed fee and the prevailing market price at a pre-arranged point in time..." Col. 1 lines 31-37. However, committing to

trade unknown stocks contrasts with the claimed invention. Claim 1 recites the that the a single trading order to purchase an entire risk adjusted portfolio "include[es] a plurality of selected market tradable investments ..." Thus, the claimed portfolio trading order specifies known market tradable assets, in contrast with the quoted discussion in Young.

For at least these additional reasons as discussed above, Applicant respectfully submits that Maggioncalda and Young, either alone or in combination, do not teach all of the limitations of claim 1 (and dependent claim 2) and, thus, the rejection should be withdrawn.

Applicant respectfully requests reconsideration and withdrawal of the rejection of claims 1-2 based on these references.

CONCLUSION

All outstanding rejections have been overcome. It is respectfully submitted that, in view of the foregoing remarks, the application is in clear condition for allowance. Issuance of a Notice of Allowance is earnestly solicited.

The Office is hereby authorized to charge any fees required under 37 C.F.R. § 1.16 or § 1.17 or credit any overpayments to Deposit Account No. 11-0600. The Office is invited to contact the undersigned at 202-220-4200 to discuss any matter regarding this application.

Respectfully submitted,

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